

**AMENDMENTS TO THE SPECIFICATION**

Please insert the following three paragraphs before the beginning of the last paragraph of "Description of Related Art", page 2, line 13:

"In general, a more realistic solution for very low-performance client devices is block-based difference encoding, because of its low computing demands on the decoding client device. However, it is generally accepted by those skilled in the art that the central challenge in such algorithms is to select an optimal encoding block size. Quoting from New Media Republic's general description of interframe video encoding (see article <http://www.newmediarepublic.com/dvideo/compression/adv07.html>, by Colin Manning, lecturer in computer science at Cork Institute of Technology, included herein as an exhibit), 'Clearly the choice of block size must be an informed one so as to achieve the best balance between image quality and compression.'

Please note that block-based motion compensation is an entirely different category of video compression from block-based difference encoding. Motion compensation has little relevance under low-performance computing conditions, because the client-side vector algebra required for computing image region translations based on arbitrary vectors is too multiplication-intensive for low-performance client devices. As a result, inventions such as Krause (US Patent 5,235,419) cannot be applied under these conditions, nor can they be modified to resemble block-based difference encoding methods.

For a succinct description of the differences between block-based difference coding and block-based motion compensation, refer to the aforementioned Manning article."